

1Q 2023 Earnings Release

HD HYUNDAI CONSTRUCTION EQUIPMENT

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The financial information in this presentation are consolidated earnings results based on K-IFRS.

However, the transfer of forklift business (“discontinued operation”) is not reflected yet to compare with previous quarters and for your convenience. Therefore, the financial statement which reflects abovementioned discontinued operation will have different figures.

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1Q 2023 Business Results

- 1. Financial Results Summary**
- 2. Operating Profit Overview**
- 3. Sales Overview by Business**
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1. Financial Results Summary

1Q23

- Sales : Sales grew on the back of favorable trends in emerging markets thanks to demand for raw materials and growth in markets such as North America.
- Operating Profit : Operating profit surged 71.3% YoY and 232% QoQ thanks to price hike, improvement in product mix and cost reduction efforts.

(Unit : KRW bn, %)

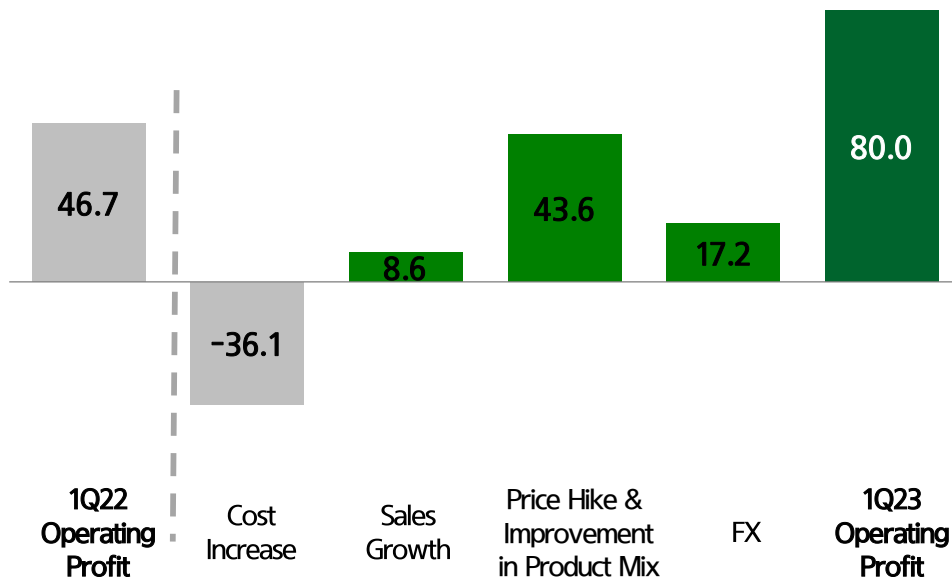
	'23.1Q			'22.1Q	'22.4Q
		YoY	QoQ		
Sales	1,018.3	9.2%	22.2%	932.4	833.4
Operating Profit	80	71.3%	232.0%	46.7	24.1
OP Margin(%)	7.9%	2.9%p	5.0%	5.0%	2.9%
Non-Operating Profit	11.2	N/A	N/A	21.5	-43.6
Interest Income	-7.1	N/A	N/A	-6.5	-8.2
Gain and Losses on Foreign exchange	19.6	N/A	N/A	28.5	-29.5
Net Profit	69.5	36.0%	TB	51.1	-22.1
Profit attributable to owners of the company	71.7	38.4%	TB	51.8	-15.6

2. Operating Profit Overview

- Despite sluggish demand in China, rising logistic costs and one-time expenses such as ConExpo, operating profit grew substantially year-on-year thanks to price increase, improvement in product mix and cost reduction efforts.

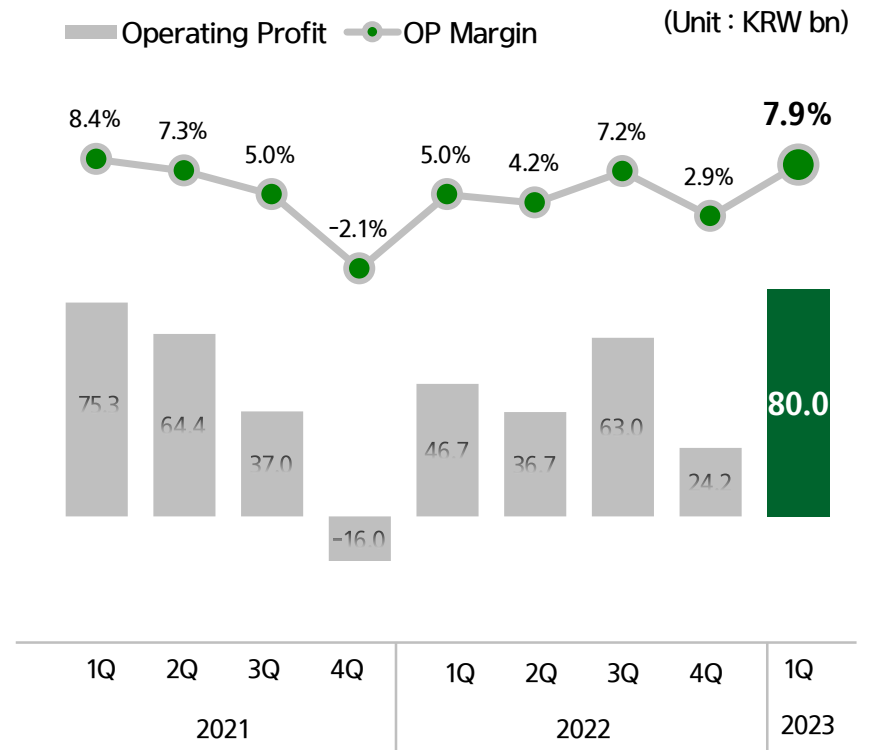
Operating Profit Analysis (YoY)

(Unit : KRW bn)



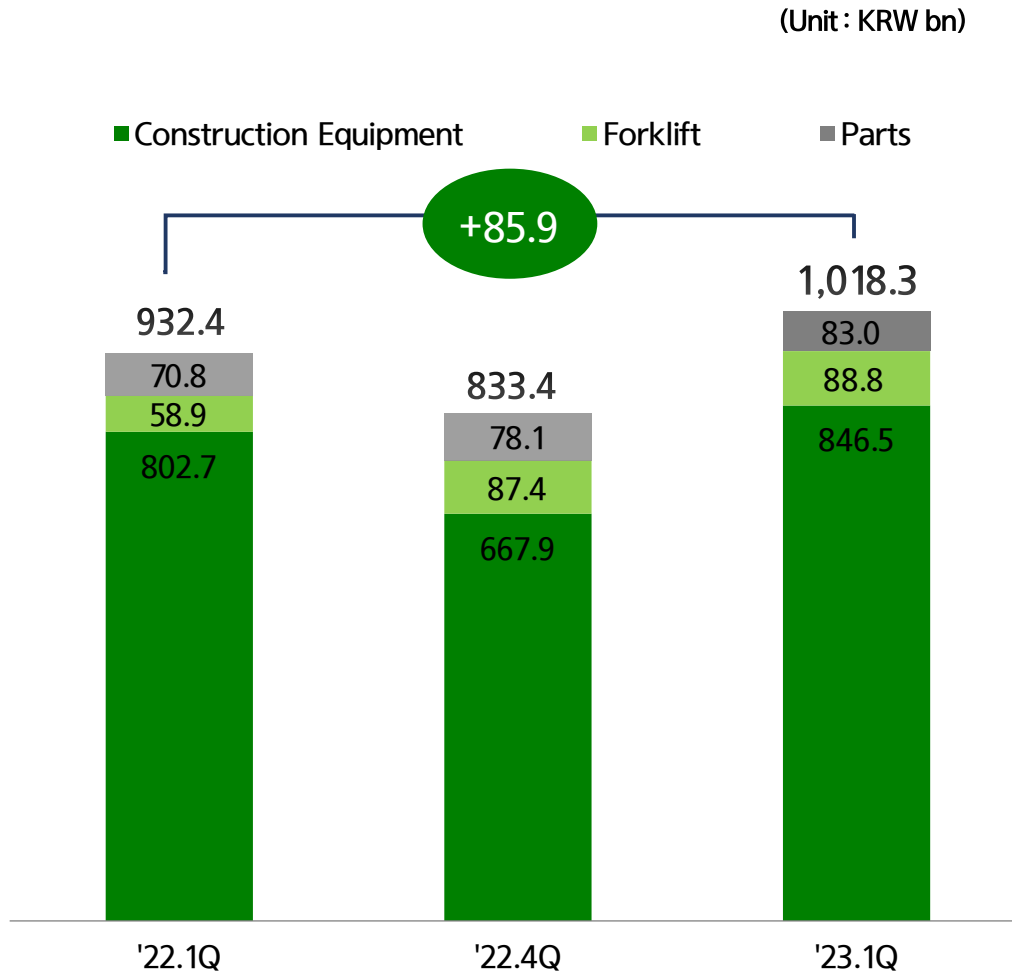
Operating Profit by Quarter

(Unit : KRW bn)



3. Sales Overview by Business

Sales by Business in 1Q



Construction Equipment

- Sales grew on the back of favorable trends in emerging market thanks to demand for raw materials and growth in markets such as North America.
 - +5.5% YoY / +26.7% QoQ

Forklift

- Stable sales growth as demand from developed markets continued to be favorable.
 - +50.8% YoY / +1.6% QoQ

Parts

- Sales remained stable.
 - +17.2% YoY / +6.3% QoQ

4. Sales Overview by Region

- Emerging : Mining demand remained solid. Also, regional mix is expected to improve in line with growing sales contribution from more profitable strategic regions.
- India : While Modi’s infrastructure investment continues, market share increased substantially.
- Brazil : Delayed infrastructure investment with new government lead to lower demand.
- China : Flexible production of Chinese production site should offset weakness in China.
- Developed : N. America – Historic quarterly sales thanks to infrastructure and non-housing construction projects.
Europe – Steady sales from infrastructure demand.

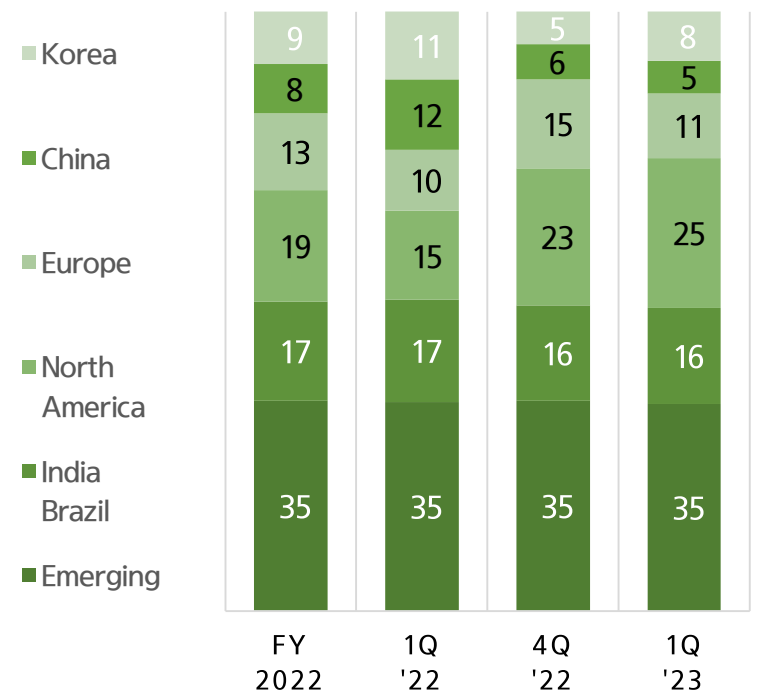
Sales

(unit : KRW bn, %)

	'23.1Q			'22.1Q	'22.4Q
		YoY	QoQ		
Emerging	357.5	10	21	324.0	294.5
India Brazil	161.5	2	22	158.4	132.0
China	55.3	-49	15	108.6	48.1
North America	252.8	84	33	137.3	189.7
Europe	109.1	15	-12	94.5	124.0
Korea	82.1	-22	82	105.0	45.1

Sales Breakdown by Region

(unit : %)



5. Financial Statement and Key Financial Ratios

- Financial status remained stable

Summarized Financial Statement

(unit : KRW bn)

	'23.1Q	2022	2021	2020
Total Assets	3,640.9	3,448.6	3,554.3	3,355.9
Current Assets	2,534.3	2,350.6	2,469.5	2,265.0
Non-current Assets	1,106.6	1,098.0	1,084.8	1,090.9
AR and others	778.8	707.7	876.5	740.0
Cash Equivalents & Financial Assets	616.6	488.3	524.6	892.8
Total Liabilities	1,906.5	1,781.3	2,006.5	1,768.3
Current Liabilities	1,488.2	1,373.7	1,499.1	1,156.5
Non-current Liabilities	418.3	407.6	507.4	611.8
AP and others	478.3	457.0	428.0	355.8
Borrowings	1,098.6	963.2	1,261.2	1,214.5
Net Borrowings	482.0	474.9	736.6	321.7
Total Equity	1,734.4	1,667.3	1,547.8	1,587.6

Key Financial Ratios

	'23.1Q	2022	2021	2020
Current Ratio (Current Assets / Current Liabilities)	170%	171%	165%	196%
Debt Ratio (Total Liabilities / Total Equity)	110%	107%	130%	111%
Borrowing Ratio (Borrowings / Total Equity)	63%	58%	81%	76%
Net Borrowing Ratio (Net Borrowings / Total Equity)	28%	28%	48%	20%

Market Review & Outlook

- 1. 1Q Review & Outlook**
- 2-1. North America : Review & Outlook**
- 2-2. India : Review & Outlook**
- 2-3. Emerging Market : Review & Outlook**

1. 1Q Review & Outlook

- Global sales grew year-on-year except China and Korea, Particularly, sales in North America surged +84% YoY and we continued to maintain healthy order backlog. Order backlog also continued to grow in profitable Central/South America and Middle East, which should contribute towards future profitability.

1Q Review & Outlook

(unit : KRW bn)

	HCE Sales	YoY	Review & Outlook
Global	1,018.3	+9%	
North America	252.8	+84%	<ul style="list-style-type: none"> Historic high sales thanks to favorable market condition and enhanced competitiveness. Such healthy sales trend should continue throughout 2023.
Europe	109.1	+15%	<ul style="list-style-type: none"> Despite rising interest rates, infrastructure investment remains steady, and we are seeing solid sales growth in countries such as Germany and Italy.
Emerging	357.5	+10%	<ul style="list-style-type: none"> Sales should continue to remain stable in strategic regions(Middle East, Türkiye and resource-rich countries). Furthermore, we continue to expect sales and profit growth thanks to price hike and improvement in regional sales mix.
India/Brazil	161.5	+2%	<ul style="list-style-type: none"> India : While Modi's infrastructure investment continues, market share increased substantially. Brazil : Delayed infrastructure investment with new government lead to lower demand.

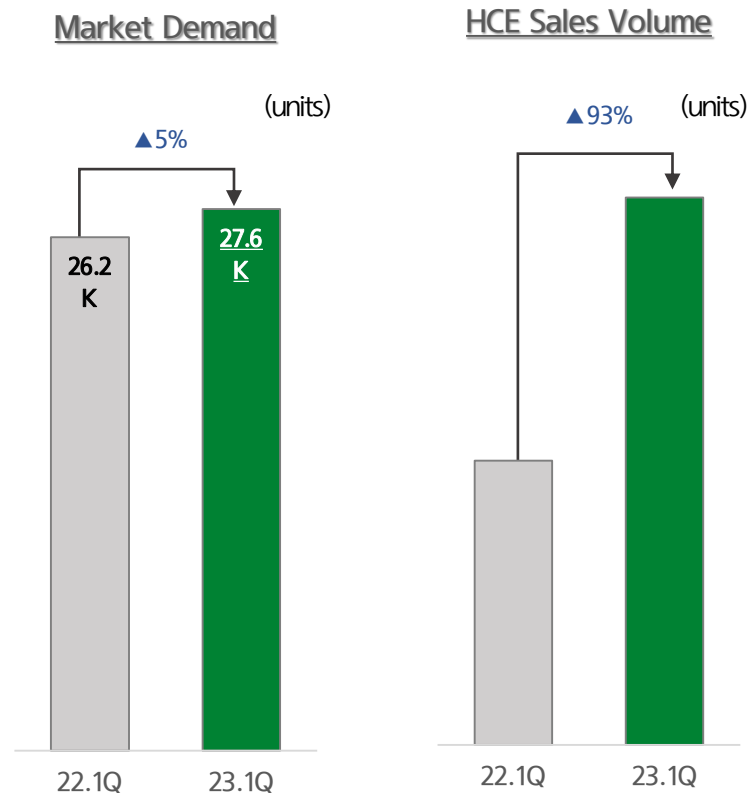
Note : Sales = Total Construction Equipment Sales + Forklift Sales of Overseas Subsidiaries

Source Company data

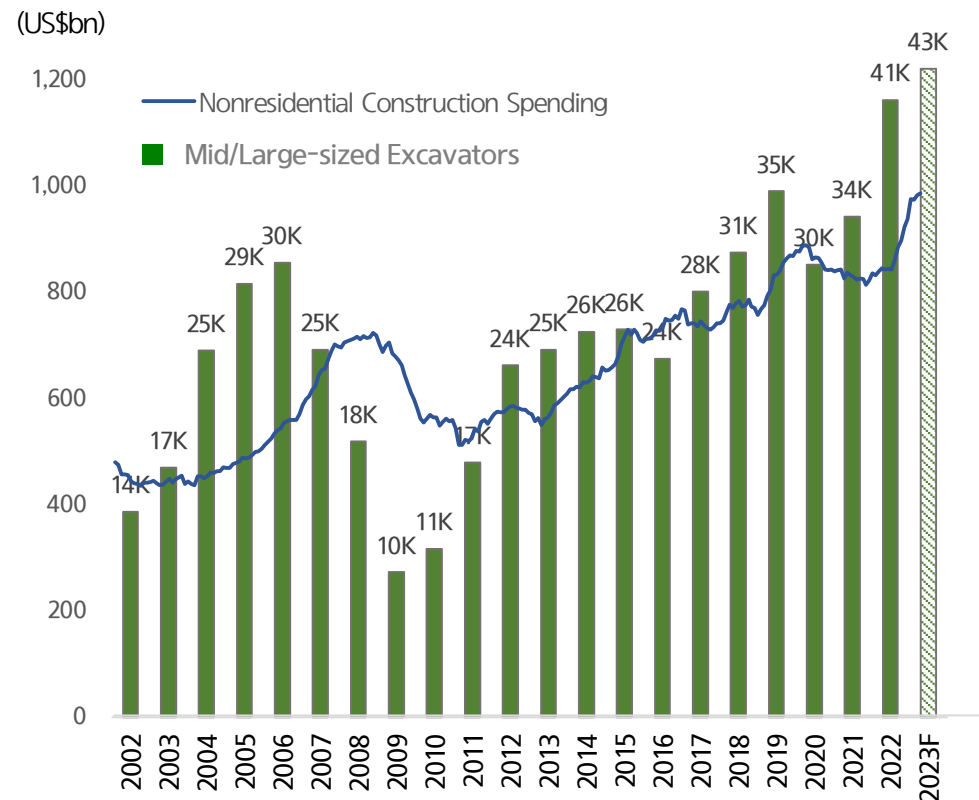
2-1. North America : Review & Outlook

- [Demand] Demand continued to grow in line with continued construction spending for infrastructure and nonresidential construction, which offset weakening housing construction demand.
- [Sales] Thanks to enhanced competitiveness from greater number of mega-dealers and growing sales of mid/large excavators, we maintained steady sales and profit growths. Furthermore, order backlog remained above 10 months. 🏗️

Market Demand & Sales Volume in 1Q



Demand for mid/large-sized excavators & Nonresidential construction spending trend



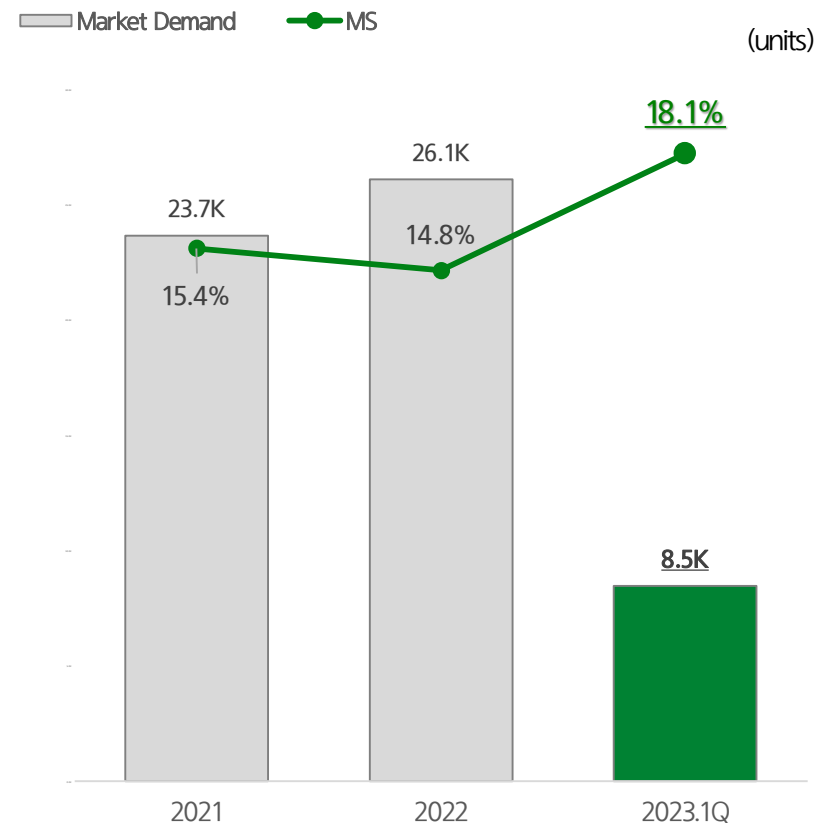
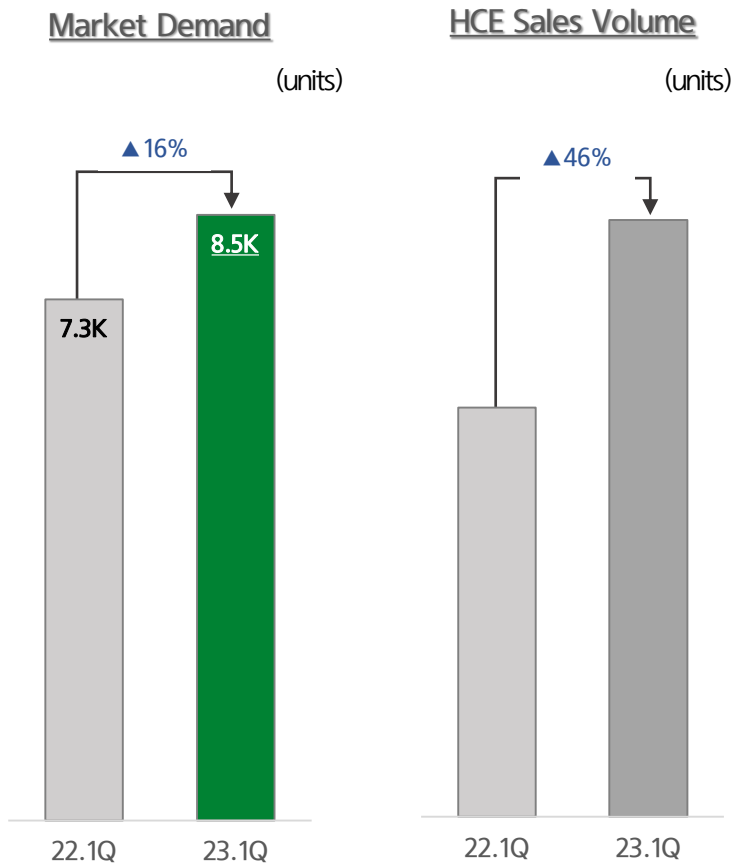
Note) Seasonality-Adjusted Annual Nonresidential Construction Spending
 Source) Off Highway Research (Global Volume and Value Apr. 2023), Fred

2-2. India : Review & Outlook

- [Demand] Demand should continue in 2023 due to aggressive infrastructure under Modi's government. (Historic high level of demand seen in March at around 3,200 units)
- [Sales] We have seen remarkable market share gains and have reached #2 in India thanks to stronger sales force and growing sales towards large customers.

Market Demand & Sales Volume in 1Q

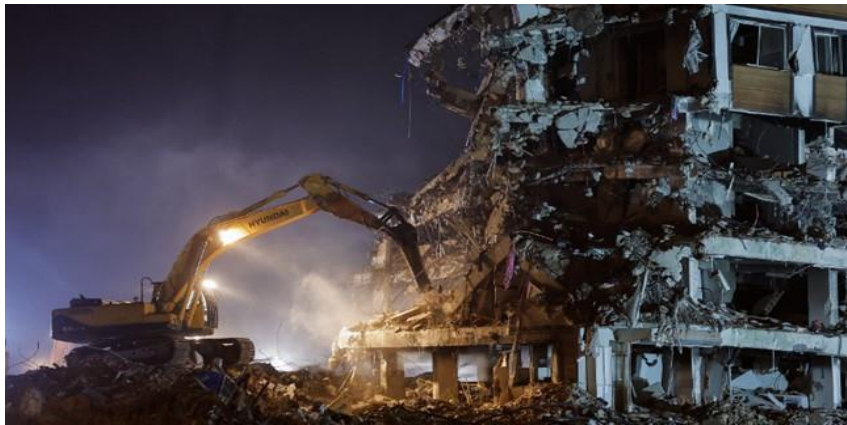
Market share trend in India



2-3. Emerging Market : Review & Outlook

- [Demand] Demand in our strategic market should grow or at least be maintained in view of steady raw material prices and reconstruction related demand.
- [Sales] Regional mix is also improving with greater contribution from profitable strategic markets.
 - Neom Project from Saudi Arabia, reconstruction demand from Türkiye and mining demand from Indonesia and South America

■ Türkiye : Reconstruction demand



■ Indonesia : Coal mining



■ Saudi Arabia : Neom Project



■ Peru : Gold mining



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